

# SENATE BILL 355

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By: **Senators Pinsky, Della, Frosh, Harrington, Pipkin, Raskin, and Rosapepe**  
Introduced and read first time: January 28, 2010  
Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Energy Companies – Net Energy Metering – Payment for Accrued Generation**  
3 **Credit**

4 FOR the purpose of requiring that a certain net metering contract or tariff credit  
5 electricity generated by certain eligible customer–generators at certain rates  
6 under certain circumstances; repealing a limitation on the period of time that a  
7 certain eligible customer–generator may accrue certain generation credit;  
8 repealing a limitation on the time that a certain electric company is required to  
9 carry forward a generation credit or a negative kilowatt–hour reading; requiring  
10 a certain electric company to carry forward a certain generation credit until  
11 certain events occur; repealing a provision relating to the reversion of a certain  
12 generation credit to a certain electric company; requiring the amount of  
13 generation credit that a certain electric company credits to a certain eligible  
14 customer–generator to be at certain rates under certain circumstances;  
15 requiring certain generation credit to appear on an eligible  
16 customer–generator’s bill in a dollar amount; requiring a certain electric  
17 company to reimburse a certain generation credit under certain circumstances;  
18 and generally relating to net energy metering and the payment for accrued  
19 generation credit.

20 BY repealing and reenacting, with amendments,  
21 Article – Public Utility Companies  
22 Section 7–306  
23 Annotated Code of Maryland  
24 (2008 Replacement Volume and 2009 Supplement)

25 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
26 MARYLAND, That the Laws of Maryland read as follows:

27 **Article – Public Utility Companies**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.  
[Brackets] indicate matter deleted from existing law.



1 7–306.

2 (a) (1) In this section the following words have the meanings indicated.

3 (2) “Biomass” means “qualified biomass” as defined in § 7–701 of this  
4 title.

5 (3) “Eligible customer–generator” means a customer that owns and  
6 operates, leases and operates, or contracts with a third party that owns and operates a  
7 biomass, micro combined heat and power, solar, or wind electric generating facility  
8 that:

9 (i) is located on the customer’s premises or contiguous property;

10 (ii) is interconnected and operated in parallel with an electric  
11 company’s transmission and distribution facilities; and

12 (iii) is intended primarily to offset all or part of the customer’s  
13 own electricity requirements.

14 (4) “Micro combined heat and power” means the simultaneous or  
15 sequential production of useful thermal energy and electrical or mechanical power not  
16 exceeding 30 kilowatts.

17 (5) “Net energy metering” means measurement of the difference  
18 between the electricity that is supplied by an electric company and the electricity that  
19 is generated by an eligible customer–generator and fed back to the electric company  
20 over the eligible customer–generator’s billing period.

21 (b) The General Assembly finds and declares that a program to provide net  
22 energy metering for eligible customer–generators is a means to encourage private  
23 investment in renewable energy resources, stimulate in–State economic growth,  
24 enhance continued diversification of the State’s energy resource mix, and reduce costs  
25 of interconnection and administration.

26 (c) An electric company serving an eligible customer–generator shall ensure  
27 that the meter installed for net energy metering is capable of measuring the flow of  
28 electricity in two directions.

29 (d) The Commission shall require electric utilities to develop a standard  
30 contract or tariff for net energy metering and make it available to eligible  
31 customer–generators on a first–come, first–served basis until the rated generating  
32 capacity owned and operated by eligible customer–generators in the State reaches  
33 1,500 megawatts.

34 (e) (1) Except as provided in subsection (g) of this section, a net energy  
35 metering contract or tariff shall be identical, in energy rates, rate structure, and

1 monthly charges, to the contract or tariff that the customer would be assigned if the  
2 customer were not an eligible customer-generator.

3           **(2) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS**  
4 **PARAGRAPH, A NET METERING CONTRACT OR TARIFF SHALL CREDIT**  
5 **ELECTRICITY GENERATED BY AN ELIGIBLE CUSTOMER-GENERATOR AT THE**  
6 **SAME RETAIL RATE THE ELIGIBLE CUSTOMER-GENERATOR PAYS FOR THE**  
7 **CONSUMPTION OF ELECTRICITY.**

8           **(II) FOR AN ELIGIBLE CUSTOMER-GENERATOR THAT IS**  
9 **SERVED ON A TIME-OF-USE TARIFF THAT HAS ELECTRICITY SUPPLY DEMAND**  
10 **CHARGES CONTAINED WITHIN THE ELECTRICITY SUPPLY PORTION OF THE**  
11 **TIME-OF-USE TARIFF, A NET METERING CONTRACT OR TARIFF SHALL CREDIT**  
12 **ELECTRICITY GENERATED BY THE ELIGIBLE CUSTOMER-GENERATOR USING**  
13 **TIME-OF-USE RATES.**

14           **[(2) (3) (i)]** A net energy metering contract or tariff may not  
15 include charges that would raise the eligible customer-generator's minimum monthly  
16 charge above that of customers of the rate class to which the eligible  
17 customer-generator would otherwise be assigned.

18           (ii) Charges prohibited by this paragraph include new or  
19 additional demand charges, standby charges, customer charges, and minimum  
20 monthly charges.

21           (f) (1) The electric company shall calculate net energy metering in  
22 accordance with this subsection.

23           (2) Net energy produced or consumed on a monthly basis shall be  
24 measured in accordance with standard metering practices.

25           (3) If electricity supplied by the grid exceeds electricity generated by  
26 the eligible customer-generator during a month, the eligible customer-generator shall  
27 be billed for the net energy supplied in accordance with subsection (e) of this section.

28           (4) If electricity generated by the eligible customer-generator exceeds  
29 the electricity supplied by the grid, the eligible customer-generator shall be required  
30 to pay only customer charges for that month in accordance with subsection (e) of this  
31 section.

32           (5) (i) An eligible customer-generator under paragraph (4) of this  
33 subsection may accrue generation credit [for a period not to exceed 12 months].

34           (ii) The electric company shall carry forward [a negative  
35 kilowatt-hour reading] **ACCRUED GENERATION CREDIT** until:

1                   1.    the eligible customer-generator's consumption of  
2 electricity from the grid eliminates the credit; or

3                   2.    the [12-month accrual period under subparagraph (i)  
4 of this paragraph expires] **ELIGIBLE CUSTOMER-GENERATOR HAS BEEN PAID BY**  
5 **THE ELECTRIC COMPANY FOR ANY REMAINING CREDIT IN ACCORDANCE WITH**  
6 **PARAGRAPH (6) OF THIS SUBSECTION.**

7                   **(III) 1.    EXCEPT AS PROVIDED IN SUBSUBPARAGRAPH 2**  
8 **OF THIS SUBPARAGRAPH, THE AMOUNT OF THE GENERATION CREDIT SHALL BE**  
9 **CALCULATED AT THE SAME RETAIL RATE THE ELIGIBLE**  
10 **CUSTOMER-GENERATOR PAYS FOR THE CONSUMPTION OF ELECTRICITY.**

11                   **2.    FOR AN ELIGIBLE CUSTOMER-GENERATOR THAT**  
12 **IS SERVED ON A TIME-OF-USE TARIFF THAT HAS ELECTRICITY SUPPLY DEMAND**  
13 **CHARGES CONTAINED WITHIN THE ELECTRICITY SUPPLY PORTION OF THE**  
14 **TIME-OF-USE TARIFF, THE AMOUNT OF THE GENERATION CREDIT SHALL BE**  
15 **CALCULATED USING TIME-OF-USE RATES.**

16                   **(IV) THE GENERATION CREDIT SHALL APPEAR ON THE**  
17 **ELIGIBLE CUSTOMER-GENERATOR'S BILL IN A DOLLAR AMOUNT.**

18                   **(6) (I) BY WRITTEN REQUEST, THE ELIGIBLE**  
19 **CUSTOMER-GENERATOR MAY CHOOSE TO RECEIVE PAYMENT FROM THE**  
20 **ELECTRIC COMPANY FOR ANY ACCRUED GENERATION CREDIT THAT REMAINS**  
21 **AT THE END OF:**

22                   1.    **EACH CALENDAR QUARTER; OR**

23                   2.    **EACH CALENDAR YEAR.**

24                   **(II) ON WRITTEN REQUEST OF THE ELIGIBLE**  
25 **CUSTOMER-GENERATOR UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH,**  
26 **WITHIN 15 DAYS AFTER THE END OF THE REQUESTED TIME PERIOD, THE**  
27 **ELECTRIC COMPANY SHALL PAY THE ELIGIBLE CUSTOMER-GENERATOR FOR**  
28 **ANY ACCRUED GENERATION CREDIT REMAINING AT THE END OF THE**  
29 **REQUESTED TIME PERIOD.**

30                   **(III) [Any remaining] WITHIN 15 DAYS AFTER THE DATE THE**  
31 **ELIGIBLE CUSTOMER-GENERATOR CLOSES THE CUSTOMER-GENERATOR'S**  
32 **ACCOUNT, THE ELECTRIC COMPANY SHALL PAY THE ELIGIBLE**  
33 **CUSTOMER-GENERATOR FOR ANY accrued generation credit REMAINING at the**  
34 **[expiration of the 12-month accrual period under paragraph (5)(ii)2 of this subsection:**

1 (i) shall revert to the electric company; and

2 (ii) may not be recovered by the eligible  
3 customer-generator] **TIME THE ELIGIBLE CUSTOMER-GENERATOR CLOSES THE**  
4 **ELIGIBLE CUSTOMER-GENERATOR'S ACCOUNT.**

5 (g) (1) For an eligible customer-generator whose facility is sized to  
6 produce energy in excess of the eligible customer-generator's annual energy  
7 consumption, the Commission:

8 (i) may require the eligible customer-generator to install a dual  
9 meter that is capable of measuring the flow of electricity in two directions; and

10 (ii) shall develop a credit formula that:

11 1. excludes recovery of transmission and distribution  
12 costs; and

13 2. provides that the credit may be calculated using a  
14 method other than a kilowatt-hour basis, including a method that allows a  
15 dollar-for-dollar offset of electricity supplied by the grid compared to electricity  
16 generated by the eligible customer-generator.

17 (2) In determining whether to require an eligible customer-generator  
18 to install a dual meter under paragraph (1)(i) of this subsection, the Commission shall  
19 consider the generating capacity of the eligible customer-generator.

20 (h) (1) The generating capacity of an electric generating system used by  
21 an eligible customer-generator for net metering may not exceed 2 megawatts.

22 (2) An electric generating system used by an eligible  
23 customer-generator for net metering shall meet all applicable safety and performance  
24 standards established by the National Electrical Code, the Institute of Electrical and  
25 Electronics Engineers, and Underwriters Laboratories.

26 (3) The Commission may adopt by regulation additional control and  
27 testing requirements for eligible customer-generators that the Commission  
28 determines are necessary to protect public safety and system reliability.

29 (4) An electric company may not require an eligible  
30 customer-generator whose electric generating system meets the standards of  
31 paragraphs (2) and (3) of this subsection to:

32 (i) install additional controls;

33 (ii) perform or pay for additional tests; or

1 (iii) purchase additional liability insurance.

2 (5) An eligible customer-generator shall own and have title to all  
3 renewable energy attributes or renewable energy credits associated with any  
4 electricity produced by its electric generating system.

5 (i) On or before February 1 of each year, the Commission shall report to the  
6 General Assembly, in accordance with § 2-1246 of the State Government Article, on  
7 the status of the net metering program under this section, including:

8 (1) the amount of capacity of electric generating facilities owned and  
9 operated by eligible customer-generators in the State by type of energy resource;

10 (2) based on the need to encourage a diversification of the State's  
11 energy resource mix to ensure reliability, whether the rated generating capacity limit  
12 in subsection (d) of this section should be altered; and

13 (3) other pertinent information.

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
15 October 1, 2010.